PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item 12 (Rev. 4)
Agenda ID 13475
ENERGY DIVISION **Resolution E-4693**
December 18, 2014

R E S O L U T I O N

Resolution E-4693. Pacific Gas and Electric Company (PG&E) consolidated electric revenue and rate changes effective January 1, 2015.

PROPOSED OUTCOME:

- Authorizes PG&E to revise electric rates effective January 1, 2015 to reflect revenue requirement changes approved by the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC) by December 18, 2014, and amortization of balancing accounts. Rate and revenue changes made pursuant to this Resolution are subject to audit, verification, and adjustment.

SAFETY CONSIDERATIONS:

- Pursuant to Public Utilities Code Section 451, PG&E must take all actions necessary to promote the safety, health, comfort, and convenience of utility patrons, employees, and the public.

ESTIMATED COST:

- The estimated net increase in annual electric revenue requirements is approximately $581.9 million over revenues in rates effective October 1, 2014 for PG&E customers if the CPUC and FERC approve revenue requirements changes by December 18, 2014 in the proceedings identified herein.

By Advice Letter 4484-E filed on August 29, 2014.

SUMMARY

Pacific Gas and Electric Company (PG&E) proposes to revise electric rates effective January 1, 2015 to reflect revenue requirement changes authorized in various proceedings by the California Public Utilities Commission (CPUC) and the Federal Electric Regulatory Commission (FERC) by December 18, 2014. This Resolution estimates a consolidated $581.9 million increase in PG&E's system-wide electric revenues over revenues in current rates effective October 1, 2014. For revenue requirements that are not yet approved by the CPUC and the FERC, PG&E is using an estimated amount. PG&E will file a supplemental advice letter in late December 2014 to reflect amounts actually approved by the CPUC by December 18, 2014. PG&E's proposal is approved with modifications.

- PG&E is authorized to recover its CPUC-approved 2015 revenue requirements in rates effective January 1, 2015 resulting from CPUC orders adopted by December 18, 2014, as described herein.
- PG&E's request to establish the 2015 revenue requirement for the Energy Recovery Bonds Balancing Account (ERBBA) through Advice Letter (AL) 4484-E is consistent with previous years' Annual Electric True-Up (AET) filings, provides the customer benefits intended in Decision (D.)04-11-015, and is granted.
- PG&E is authorized to amortize its forecasted December 31, 2014 account balances, updated by the December supplement to AL 4484-E, in rates effective January 1, 2015, as described herein.
- Balancing account balances authorized for recovery in rates shall be subject to future audit, verification, and adjustment.
- Consistent with previous years' AET processes, PG&E shall submit a supplement to AL 4484-E by December 31, 2014 with revised tariffs effective January 1, 2015. The supplemental AL shall reflect only revenue requirement changes approved by the CPUC or the FERC by December 18, 2014, as described in this Resolution. The supplemental AL shall also include recorded balancing account data through October 31, 2014, and forecasted account balances for November and December 2014.
- PG&E's request to set January 1, 2015 rates based on its 2015 sales forecast in its 2015 Energy Resource Recovery Account (ERRA) Application (A.),

A.14-05-024 is approved, on the condition that, should the final ERRA decision include a different sales forecast than the one presented in the November 2014 update to A.14-05-024, PG&E will file a Tier 1 advice letter 60 days after the issuance of the final decision in that proceeding containing appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.14-05-024.

- PG&E is authorized to set January 1, 2015 rates based on the November 2014 update to its 2015 sales forecast in A.14-05-024, in case a final decision is not adopted in that proceeding by the December 18, 2014 CPUC meeting.
- PG&E's request to smooth customer rates through a 24-month amortization of forecasted December 31, 2014 balances in the Distribution Revenue Adjustment Mechanism (DRAM) and the Utility Generation Balancing Account (UGBA), which reflect the uncollected increase in Test Year (TY) 2014 distribution and generation revenues from January 1, 2014 through September 30, 2014 (plus interest) authorized by D.14-08-032, PG&E's 2014 General Rate Case (GRC) decision, is granted.

Attachment A to this Resolution includes an alphabetical list of terms and associated acronyms used herein.

PG&E forecasts a consolidated net revenue requirement increase of $581.9 million on January 1, 2015 over revenues in current rates effective October 1, 2014.

PG&E estimates that there will be a net increase in electric revenue requirements of approximately $581.9 million on January 1, 2015 over revenues in rates effective October 1, 2014 incorporating various increases and decreases, authorized or pending, resulting in a 4.7% increase in its system bundled average electric rates. The consolidated revenue requirement increase results from a combined $594.8 million increase in CPUC-jurisdictional revenues and a $12.9 million decrease in FERC-jurisdictional revenues.

BACKGROUND

The AET is the vehicle that PG&E has used for many years to consolidate revenue requirements that have been authorized by the end of a given year by the CPUC or the FERC for recovery, and to amortize balances in regulatory

accounts. Rate changes addressed in the AET become effective on January 1 of the following year after the CPUC acts on the AL.

The major electric utilities change rates a few times per year to implement revenue requirements and rate design changes authorized by the CPUC and FERC. For example, in 2014, PG&E changed electric rates on January 1, March 1, May 1, August 1, and October 1.[1] The January 1, 2014 rate change occurred through the AET process as described below. PG&E's electric rate changes on March 1, 2014, May 1, 2014, August 1, 2014, and October 1, 2014 were made pursuant to CPUC and FERC orders that authorized rate changes to be made effective later in the year. Although electric transmission rates are set by the FERC, they are presented in the AET due to their incorporation into PG&E's overall rate design used to calculate system-wide rates.

Resolution E-4620 requires PG&E to submit its AET advice letter no later than September 1 of a given year.

On August 30, 2013, PG&E filed AL 4278-E, its 2014 AET, in which it proposed to consolidate electric revenue requirements authorized by the CPUC and the FERC, and to recover balances in regulatory accounts, for inclusion in rates effective January 1, 2014. On September 16, 2013, PG&E filed AL 4278-E-A, a partial supplement to the 2014 AET, in which it provided additional detail about the sales forecast used to derive illustrative rates included in AL 4278-E. Resolution E-4620 authorized PG&E to consolidate revenue requirements and amortize year-end 2013 account balances upon filing a supplement to AL 4278-E by December 31, 2013, which it did through AL 4278-E-B. Ordering Paragraph (OP) 12 of Resolution E-4620 also provided that,

> If PG&E requests amortization of future balances in the accounts authorized for amortization in [Resolution E-4620] by means of the [AET] for rates effective January 1, it shall file the [AL] no later than September 1 of the year prior to when rates become effective. The [AL] shall reflect balances recorded as of July 31 of the year in which

1. 2014 rate changes were made effective through the following, respective advice filings: AL 4278-E/E-A/E-B, AL 4370-E, AL 4403-E, AL 4450-E/E-A, AL 4460-E, and AL 4506-E.

the [AL] is filed and the estimated balances for August through December of that year.

On August 29, 2014, PG&E filed AL 4484-E, its eleventh annual AET AL, addressing electric revenues and rates to be effective January 1, 2015.

PG&E requests in AL 4484-E to recover revenue requirements authorized by the CPUC and the FERC by December 18, 2014—the date of the last scheduled CPUC meeting in 2014—and to recover year-end 2014 balances in the accounts authorized for recovery in last year's AET Resolution E-4620.

PG&E requests to set its 2015 Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement in AL 4484-E.

Consistent with previous AETs, PG&E proposes to establish its 2015 ERBBA revenue requirement in AL 4484-E based on a forecast of 2015 ERBBA activity, and to amortize the forecasted December 31, 2014 ERBBA balance. AL 4484-E includes a 2015 ERBBA revenue requirement of $7.2 million and a forecasted December 31, 2014 ERBBA balance of ($410.4) million, reflecting energy crisis litigation proceeds booked to the ERBBA, as discussed below.

The following tables provide a breakdown of various increases and decreases adding up to PG&E's estimated net increase of $581.9 million.

PG&E estimates a net increase in system-wide (i.e., CPUC- and FERC-jurisdictional) electric revenue requirements of approximately $581.9 million on January 1, 2015 relative to revenues in rates that became effective October 1, 2014. This results from increases in some revenue components and decreases in others.

In AL 4484-E, PG&E provides illustrative rates effective January 1, 2015, based on revenue requirement changes in CPUC and FERC proceedings expected to be authorized by December 18, 2014, and on revenue changes resulting from amortization of forecasted December 31, 2014 regulatory account balances. PG&E's forecasted December 31, 2014 account balances are based on recorded balances through July 2014 and forecasted balances from August through December 2014.

Forecasted January 1, 2015 revenue and rate increases presented in AL 4484-E are relative to effective revenues at the time of filing, as of August 1, 2014 per AL 4460-E. However, in order to more accurately reflect the revenue and rate impacts entailed by this Resolution, PG&E provided updated January 1, 2015 revenue and rate increases relative to rates effective October 1, 2014 per AL 4506-E.[2] A breakdown of the components of the annual revenue requirement increase estimated in AL 4484-E relative to revenues at October 1, 2014 rates is shown in Tables 1 through 3 below. The illustrative rates that PG&E provides in AL 4484-E are summarized in Table 4 below.

Table 1. CPUC-authorized revenue changes effective January 1, 2015 forecasted by PG&E	**Million $**
Public Purpose Program (PPP) revenue requirements including amortization of balances in the PPP Revenue Adjustment Mechanism (PPPRAM), California Alternative Rates for Energy (CARE) Account (CAREA), and Procurement Energy Efficiency (EE) Revenue Adjustment Mechanism (PEERAM).	($93.4)
Distribution revenue requirements including amortization of balances in the DRAM and Family Electric Rate Assistance Balancing Account (FERABA).	$434.6
Non-fuel generation revenue requirements including amortization of balances in the UGBA (after transfer of the Market Redesign and Technology Upgrade Memorandum Account balance to the UGBA).	$73.2
Energy Cost Recovery Amount (ECRA) revenue requirements including the ERBBA revenue requirement and amortization of the balance in the ERBBA.	($269.8)
Nuclear Decommissioning revenue requirements including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism (NDAM).	$157.2

2. PG&E's updates were provided through responses to an Energy Division Data Request dated October 1, 2014.

California Department of Water Resources (DWR) power charge revenue requirements including DWR franchise fees, and amortization of the balance in the Power Charge Collection Balancing Account (PCCBA).	($77.7)
Energy procurement, ongoing Competition Transition Charge (CTC), and Cost Allocation Mechanism (CAM) revenue requirements including amortization of balances in the ERRA, Modified Transition Cost Balancing Account (MTCBA), and New System Generation Balancing Account (NSGBA).	$328.4
Return of Assembly Bill 32 Allowance Revenues	$42.3
Total net CPUC-authorized revenue change	**$594.8**

Table 2. FERC-authorized revenue changes effective January 1, 2015 forecasted by PG&E	**Million $**
Transmission Revenue Balancing Account Adjustment (TRBAA)	($11.2)
Reliability Services Balancing Account (RSBA)	($1.8)
Transmission Owner 15 (TO15) Rate Filing	$0.2
Total net FERC-authorized revenue change	**($12.9)**

Table 3. Change in revenue requirements effective January 1, 2015 forecasted by PG&E	**Million $**
CPUC-authorized	$594.8
FERC-authorized	($12.9)
Total AET increase	**$581.9**

Table 4. Summary of Illustrative Average Bundled Customer Rates Shown in AL 4484-E ($/kWh)[3]

Customer Class	Present Rates on October 1, 2014	Proposed Rates on January 1, 2015	Percent Change
Residential CARE	0.10471	0.11659	11.3%
Residential Non-CARE	0.19294	0.20484	6.2%
Average Residential	0.17233	0.18423	6.9%
Small and Medium Commercial	0.19583	0.20303	3.7%
Large Commercial and Industrial	0.14596	0.14987	2.7%
Agricultural	0.15120	0.15597	3.2%
Streetlighting	0.19080	0.19682	3.2%
System	**0.16772**	**0.17561**	**4.7%**

According to PG&E, the forecasted revenues presented in AL 4484-E will lead to a 4.7% increase in PG&E's system average bundled customer electric rate on January 1, 2015.

The revenue requirement changes that PG&E expects to be authorized by the December 18, 2014 CPUC meeting and incorporated into rates effective January 1, 2015 are the result of several factors.

As seen in Table 1, the largest driver of CPUC-jurisdictional revenue increases relates to the implementation of 2015 distribution and generation revenue requirements authorized in D.14-08-032, PG&E's 2014 GRC decision, including amortization of balances in the DRAM and UGBA, in which PG&E proposes to

3. Derived from data shown in Table 3 of AL 4484-E. Residential CARE rates are based on combined Schedules EL-1, EL-7, and EL-8. Residential Non-CARE rates are based on combined Schedules E-1, E-7, and E-8. Small and Medium Commercial rates are based on the combined small light and power and medium light and power schedules. Large Commercial and Industrial rates are based on combined Schedules E-19, E-20, and Standby.

include the uncollected increase in TY 2014 distribution and generation revenues from January 1, 2014 through September 30, 2014 (plus interest), as discussed below.

The other significant driver of CPUC-jurisdictional revenue increases is energy procurement costs, as requested in PG&E's 2015 ERRA forecast proceeding, A.14-05-024. PG&E expects an increase in electricity procurement costs resulting from higher prices for natural gas and electricity, and from a lower forecast of hydroelectric generation. PG&E notes that power procurement and natural gas price assumptions in A.14-05-024 are based on April 2014 market prices, which were higher than the market prices at the time of filing. PG&E will update its procurement cost forecast in A.14-05-024 in November 2014, which will be reflected in the December supplement to AL 4484-E. A CPUC decision in A.14-05-024 is expected by the end of 2014.

Reductions in forecasted CPUC-jurisdictional revenues vis-à-vis current revenues are due to a number of factors. Primarily, PG&E's forecast of ECRA rate components—the ERBBA revenue requirement and the amortization of the ERBBA balance—represent a $269.8 million reduction over revenues at present rates. The ECRA rate component finances costs associated with PG&E's emergence from bankruptcy in 2004, and amortizes the balance in the ERBBA. The reduction in 2015 ECRA revenues is attributed to a $20.4 million decrease in the ERBBA revenue requirement and a $249.3 million forecasted increase in the overcollected ERBBA balance, which is primarily driven by energy supplier refund settlements remitted to PG&E in 2014.

Secondary drivers of forecasted 2015 reductions in CPUC-jurisdictional revenues compared to revenues at present rates stem from:

- PPP revenue requirements and amortization of balances in the PPPRAM, CAREA, and PEERAM, totaling a $93.4 million reduction.
- DWR power charge revenue requirements including DWR franchise fees and amortization of the PCCBA balance, totaling a $77.7 million reduction. The PCCBA tracks the difference between revenues collected from bundled customers through the PCCBA rate component and the amount remitted to the DWR using the Power Charge Remittance Rate. The forecasted January 1, 2015 reduction is primarily due to a $99.4 million reduction in the PCCBA revenue requirement.

A Partial Settlement Agreement approved in PG&E's 2014 GRC decision, D.14-08-032, authorized the reallocation of a portion of Administrative and General expenses from distribution revenues to customer program revenues.

OP 39 of D.14-08-032 approved a Partial Settlement Agreement between PG&E, The Utility Reform Network, and the Marin Energy Authority providing for the reallocation of $26.6 million in Administrative and General (A&G) expenses associated with certain employee benefits and payroll taxes from GRC-authorized distribution revenues to customer program revenues and their associated balancing accounts, in order for customer program revenues to more clearly reflect the full costs of providing services under those programs.[4] Table 5 below shows the electric portion[5] of reallocated A&G expenses embedded in 2015 customer program revenue requirements listed in Table 2 of AL 4484-E:

Table 5. 2015 Customer Program A&G Reallocation from D.14-08-032[6]

AL 4484-E Table 2 Line #	Customer Program	Electric A&G Reallocation ($)
6	Demand Response (DR)	$2,438,000
7	Statewide Marketing, Education, and Outreach (SW ME&O)/DR	$69,519
9	Self-Generation Incentive Program (SGIP)	$115,893
11	California Solar Initiative (CSI)[7]	$0

4. See D.14-08-032, Appendix F-3.

5. The gas portion of the A&G reallocation for the applicable customer programs will be requested in the respective gas annual filings.

6. From PG&E's response to an Energy Division Data Request dated September 22, 2014.

7. The CSI program is currently not authorized to increase its budget or revenue requirement based on the spending cap in Public Utilities Code §2851. The A&G reallocation of $954,000 is thus not added to the 2015 CSI revenue requirement, although these expenses will be included in the program's recorded costs.

41	Energy Savings Assistance (ESA)	$1,209,107
44	Procurement EE/PEERAM	$16,340,960
45	SW ME&O/PEERAM	$90,004
46	CAREA	$686,880
	total	**$20,950,363**

PG&E proposes to file a supplement to AL 4484-E in late December 2014 to consolidate updated balancing account balances and revenue requirement changes approved by the CPUC and FERC by the December 18, 2014 CPUC meeting.

PG&E proposes to supplement AL 4484-E prior to the end of 2014 to incorporate recorded October 31, 2014 account balances and forecasted balances through the end of 2014 for amortization in January 1, 2015 rates, as well as revenue requirement changes authorized by the CPUC and FERC by December 18, 2014. The December 2014 supplement to AL 4484-E would include the new rates and revised tariffs to become effective on January 1, 2015.

PG&E requests discretion to implement, in whole or in part, the Peak Time Rebate Program pending in A.10-02-028.

PG&E requests flexibility in implementing rate design changes resulting from the Peak Time Rebate Program (A.10-02-028). This proceeding is pending the CPUC's approval and has not been incorporated into illustrative rates presented in AL 4484-E. To the extent that this application is approved by the December 18, 2014 CPUC meeting, PG&E requests to implement any authorized rate design changes, in whole or in part, on January 1, 2015, or during a later rate change depending on the implementation time required.

PG&E requests to use the sales forecast in A.14-05-024 to set January 1, 2015 rates, even if the final decision in that proceeding adopts a different sales forecast than that presented in A.14-05-024.

PG&E requests that the CPUC allow it to set January 1, 2015 rates based on the sales forecast submitted in A.14-05-024, PG&E's 2015 ERRA proceeding. In the event that the final approved sales forecast in the adopted 2015 ERRA decision differs from the sales forecast presented in the November 2014 update to

A.14-05-024 and used to calculate January 1, 2015 rates, PG&E states it will then confer with the CPUC on any appropriate rate adjustments going forward.

PG&E requests discretion to smooth its customers' rates in 2015 by amortizing forecasted end-of-year DRAM and UGBA balances, which include the uncollected portion of TY 2014 distribution and generation revenue increases authorized by D.14-08-032, over a period of up to 24 months.

The CPUC issued a decision in PG&E's 2014 GRC, D.14-08-032, on August 20, 2014, authorizing base revenue requirements for electric distribution and electric generation for the 2014-2016 GRC cycle. PG&E filed AL 4506-E on September 30, 2014, implementing TY 2014 distribution and generation revenues in rates effective October 1, 2014. Given that PG&E was not able to collect authorized TY 2014 increases in distribution and generation revenues between January 1, 2014 and September 30, 2014, PG&E implemented twice the adopted revenue increase of $196 million[8] in order to collect as much of the TY 2014 increase as possible, in 2014. This will result in PG&E recovering approximately $98 million of its adopted 2014 revenue requirement increase by the end of 2014. The remaining, uncollected portion of TY 2014 distribution and generation revenue requirements will be booked to the DRAM and UGBA, respectively.

In order to smooth customer rates, PG&E requests discretion to amortize forecasted year-end balances in the DRAM and UGBA over a period of up to 24 months, effective January 1, 2015. Accordingly, the DRAM and UGBA balances presented in Tables 1 and 2 of AL 4484-E reflect half of the forecasted year-end balances in the DRAM and UGBA that would be implemented in 2015 rates.[9] PG&E may update its amortization in the December supplement to AL 4484-E depending on the total undercollection at that time.

Forecasted balancing account balances and illustrative January 1, 2015 rates presented in AL 4484-E are calculated according to currently-effective revenue

8. See D.14-08-032, Appendix C, Table 1, Column G, line 7 + line 21.

9. Per PG&E's response to an Energy Division Data Request dated September 22, 2014, the forecasted year-end DRAM and UGBA balances presented in Tables 1 and 2 of AL 4484-E consist of $61.1 million and $59.0 million, respectively, in uncollected TY 2014 GRC revenue increases.

allocation and rate design methodology, per D.11-12-053 and D.14-06-029, and the sales forecast filed in A.14-05-024, PG&E's 2015 ERRA application.

For balancing accounts that record billed revenues, PG&E forecasted revenues using rates currently in effect in Preliminary Statement Part I, and the sales forecast used in the 2015 ERRA Forecast Application (A.14-05-024).

PG&E provided illustrative January 1, 2015 electric rates to provide the CPUC with an estimate of the effect of approval of AL 4484-E, as well as a resolution of the pending and/or anticipated decisions and AL dispositions discussed herein. Rates are determined based on the sales forecast submitted by PG&E on May 30, 2014 in A.14-05-024, the rate design and revenue allocation methodology established in D.11-12-053 for rate changes between Phase 2 GRCs, and the residential rate design approved in D.14-06-029. Final January 1, 2015 rates submitted in the December 2014 supplement to AL 4484-E would reflect the sales forecast presented in the November 2014 update to A.14-05-024.

As noted above, PG&E did not include rate design changes entailed by the pending Peak Time Rebate Program application in illustrative rates presented herein. However, illustrative rates presented in the 2015 AET include rate adjustments implemented through AL 4387-E, effective May 1, 2014, that were made to correct errors in the 2014 AET. PG&E anticipates removing these adjustments in the December 2014 supplement to AL 4484-E.[10]

Furthermore, illustrative rates presented in AL 4484-E do not reflect the transfer of approximately $250,000, plus interest, from the Agricultural Account Aggregation Study Memorandum Account (AAASMA) to the DRAM, which was authorized by the Commission through AL 4380-E. This adjustment to distribution revenues would be recovered through agricultural distribution rates, excluding Schedule E-37, effective January 1, 2015. PG&E states that it will reflect this adjustment in the December supplement to the AET.

10. AL 4484-E, p. 12.

NOTICE

Notice of AL 4484-E was made by publication in the CPUC's Daily Calendar. PG&E states that a copy of each AL was mailed and distributed electronically in accordance with Section IV of General Order 96-B, and served on parties to A.10-02-028, A.12-11-009, A.12-12-012, A.14-05-003, A.14-05-024, A.14-05-025, Rulemaking (R.)09-06-018, R.12-06-013, and R.13-11-005.

DISCUSSION

PG&E is authorized to incorporate the following revenue requirements that have been authorized for recovery in rates effective January 1, 2015.

PG&E may reflect the following revenue requirements that have been previously authorized for recovery by CPUC decisions in January 1, 2015 rates:

- **$12.8 million for CARE program administrative costs**, consisting of the 81% electric share of the $14.8 million authorized by D.14-08-030; $0.687 million in reallocated A&G expenses per D.14-08-032; and a $0.149 million allowance for Franchise Fees and Uncollectibles (FF&U).[11]
- **$95.1 million for the CSI**, encompassing a $94.0 million revenue requirement approved for 2015 in D.11-12-019, and a $1.1 million allowance for FF&U.
- **$53.4 million for DR**, consisting of a $50.3 million 2015 DR program budget authorized by D.14-05-025, $2.4 million in reallocated A&G expenses per D.14-08-032, and a $0.661 million allowance for FF&U.[12]

---

11. AL 4484-E, p. 10: "D.14-08-032 adopted a new method for calculating the [FF&U] factor that will be revised annually. PG&E will file an advice letter to update its 2015 [FF&U] factor by the end of the year." Per PG&E's response to an Energy Division Data Request dated September 22, 2014, the FF&U factor used to calculate illustrative January 1, 2015 revenues in AL 4484-E is 0.011793. PG&E updated its 2015 FF&U factor to 0.011862 in AL 4540-E, filed on November 24, 2014. PG&E is directed to reflect the updated FF&U factor in the December AET supplement, contingent on the approval of AL 4540-E by December 31, 2014.

12. FF&U allowance for DR calculated inclusive of $3.3 million Integrated Demand-Side Management budget pending in R.13-11-005, as discussed below.

- **($69.1) million in Department of Energy (DOE) litigation proceeds** to be credited to generation revenues, consisting of the ($121.8) million refund authorized by D.14-08-032 to be returned over the three-year, 2014-2016 GRC cycle, prorated for a 27-month return due to the implementation of 2014 GRC revenues on October 1, 2014 via AL 4506-E,[13] plus ($15.0) million in additional DOE refunds associated with 2015. PG&E included a ($60.0) million UGBA – DOE litigation proceeds credit in AL 4484-E illustrative revenues, but will update this figure in the December supplement.
- **($76.1) million in DOE litigation proceeds** to be credited to nuclear decommissioning revenues, consisting of the ($158.2) million refund authorized by D.14-08-032 to be returned over the three-year, 2014-2016 GRC cycle, prorated for a 27-month return due to the implementation of 2014 GRC revenues on October 1, 2014 via AL 4506-E (see footnote 13), plus ($5.8) million in additional DOE refunds associated with 2015. PG&E included a ($52.7) million NDAM – DOE litigation proceeds credit in AL 4484-E illustrative revenues, but will update this figure in the December supplement.
- **$3,976.6 million in base 2015 distribution revenue requirements[14]** authorized by D.14-08-032, PG&E's 2014 GRC decision, recorded in the DRAM.
- **$96.2 million for the ESA program**, consisting of a $93.9 million budget approved by D.14-08-030 for 2015, $1.2 million in reallocated A&G expenses per D.14-08-032, and a $1.1 million allowance for FF&U.
- **$1.1 million for the acquisition of Hercules Municipal Utility assets**, authorized by D.14-01-009, stemming from a 2015 capital-related revenue

13. 2015 revenue requirement for credits authorized in D.14-08-032 calculated as follows, given a 27-month amortization period: (GRC Credit) * (12/27)

14. PG&E AL 4540-E, filed November 24, 2014, contains updated 2015 base distribution and generation revenue requirements, including adopted 2015 attrition amounts updated with the 2015 FF&U expense factor. PG&E may consolidate these updated revenue requirements into January 1, 2015 rates if AL 4540-E is approved by December 31, 2014.

requirement calculation that includes FF&U, depreciation expense, return on investment, federal and state income taxes, and property tax.

- **$146.9 million for PG&E's Pension Contribution**, with an allocation of $93.9 million to distribution rates and $53.0 million to generation rates. D.09-09-020 allowed the authorized 2013 Pension Contribution revenue requirement to be carried over until changed through the GRC or a separate application. The 2015 Pension revenue requirement increased from 2014 because the pension-related rate base includes amounts capitalized in 2014 and 2015.
- **$16.3 million in reallocated A&G expenses for Procurement EE/PEERAM**, per D.14-08-032.
- **$0.116 million in reallocated A&G expenses for the SGIP**, per D.14-08-032.
- **($41.3) million for the Solar Photovoltaic (PV) Program credit**, resulting from the ($93.0) million refund authorized by D.14-08-032 to be returned over the three-year 2014-2016 GRC cycle, prorated for a 27-month return due to the implementation of 2014 GRC revenues on October 1, 2014 via AL 4506-E (see footnote 13). PG&E included a ($31.0) million PV Program credit in AL 4484-E illustrative revenues, but will update this figure in the December supplement.
- **$110.05 million for the PV Program revenue requirement** to be collected through generation rates in the UGBA, per D.10-04-052 and AL 4459-E, approved August 28, 2014. PG&E included the 2014 revenue requirement of $121.6 million in AL 4484-E, filed August 29, 2014, and will update the 2015 PV revenue requirement in the December supplement to AL 4484-E.
- **($6.6) million for the Smart Grid Pilot Development Project (SGPDP)** per D.13-03-032, resulting from the timing of costs between book and tax calculations related to self-developed, capitalized software, in which the tax refund is larger than the associated book depreciation and rate of return recovery of the software in its first year of operation. Of the ($6.6) million, ($3.5) million is allocated to distribution and ($3.1) million is allocated to generation.
- **$8.0 million for SW ME&O/DR**, consisting of $7.9 million in heretofore unrecovered 2014-2015 SW ME&O Phase II DR funds authorized in D.13-12-038, $0.070 million in reallocated A&G expenses per D.14-08-032, and a $0.093 million allowance for FF&U.

- **($0.825) million for SW ME&O/PEERAM**, consisting of $10.2 million in heretofore unrecovered 2014-2015 SW ME&O Phase II PEERAM funds authorized in D.13-12-038, ($11.1) million in unspent 2010-2012 SW ME&O/PEERAM funds, $0.090 million in reallocated A&G expenses per D.14-08-032, and a ($0.010) million allowance for FF&U.
- **$1,964.6 million in base 2015 electric generation revenue requirements**,[15] recorded in the UGBA, consisting of $1,789.0 million authorized by D.14-08-032, PG&E's 2014 GRC decision, while removing credits for DOE net litigation proceeds and the PV program, as discussed above, plus a ($2.9) million allowance for FF&U. As PG&E will update the figures in the December supplement for the DOE litigation and PV Program credits to reflect their 27-month amortization, this will thus also entail an adjustment to the base generation revenue requirement filed in the December supplement.

PG&E's request to establish the 2015 ERBBA revenue requirement is granted. This provides the benefits to customers intended in D.04-11-015 and is consistent with the approach requested in last year's AET AL 4278-E and approved in Resolution E-4620.

The ERBBA records benefits and costs associated with Energy Recovery Bonds. In this AET filing, PG&E proposes that the 2015 ERBBA revenue requirement be established using a forecast of 2015 ERBBA activity, including the amortization of the forecasted December 31, 2014 ERBBA balance. PG&E's 2015 ERBBA revenue requirement request of $7.2 million stems from forecasted interest expense that accrues on an outstanding liability owed to the California Power Exchange related to energy purchases during the 2000-2001 energy crisis, while the forecasted ($410.4) million ERBBA refund is sourced from energy supplier litigation proceeds.

PG&E's request to establish the 2015 ERBBA revenue requirement as proposed in AL 4484-E is granted. This includes establishing the ERBBA revenue requirement using the most recent rate of return adopted by the CPUC. This provides the benefits to customers intended in D.04-11-015 and is consistent with

15. See footnote 14.

the approach requested in last year's AET AL 4278-E and approved in Resolution E-4620.

PG&E is authorized to incorporate revenue requirement changes and/or amortize account balances in rates effective January 1, 2015 in the following pending CPUC proceedings, provided the Commission adopts a decision in these proceedings by December 18, 2014.

If the CPUC adopts final decisions in the formal proceedings listed below by the December 18, 2014 CPUC meeting, PG&E is authorized to consolidate the 2015 revenue requirements authorized in those decisions in the December supplement to AL 4484-E to be put into rates effective January 1, 2015.

- R.12-11-005, in which the CPUC issued a September 23, 2014 ruling to implement the changes to the SGIP enacted by Senate Bill (S.B.) 861, signed by Governor Brown on June 20, 2014. S.B. 861 authorized the extension of the SGIP at current annual funding levels through 2019. **PG&E's electric share of current annual SGIP funding is $29.5 million**, which would entail an FF&U allowance of $0.349 million.[16] The CPUC must issue a decision enacting the ruling in order for PG&E to include the SGIP revenue requirement in rates.
- A.12-12-012, PG&E's Nuclear Decommissioning Cost Triennial Proceeding (NDCTP), Phase 2, in which PG&E requests a **$210.1 million annual nuclear decommissioning revenue requirement** for 2014-2016 related to Diablo Canyon cost studies, Humboldt Bay Unit 3 Safe Storage issues, and all other nuclear decommissioning rate-related issues.
- R.13-11-005, PG&E's 2015 EE Portfolio application, in which PG&E includes funding requests for EE – Former Public Goods Charge (PGC), Procurement EE/PEERAM, and DR – Integrated Demand-Side Management (IDSM) in the following amounts:
  - **$120.9 million for EE – PGC portion of EE portfolio funding** to be collected in the PPPRAM, consisting of a $119.4 million EE – PGC budget plus a $1.4 million allowance for FF&U.

[16]. FF&U allowance for SGIP calculated inclusive of $0.116 million reallocated A&G expenses for SGIP approved by D.14-08-032, as discussed above.

- **$219.6 million for Procurement EE/PEERAM**, consisting of a $216.8 million budget plus a $2.7 million allowance for FF&U.[17]
- **$3.3 million for DR – IDSM**.

- A.14-05-003, PG&E's 2015-2017 Electric Program Investment Charge (EPIC) application, in which PG&E requests an **$87.3 million annual EPIC budget**, which would entail a $1.0 million allowance for FF&U.
- A.14-05-024, PG&E's 2015 ERRA Forecast and Generation Non-Bypassable Charges application, in which PG&E requests recovery of 2015 electric procurement costs, including forecasted costs and expected revenue requirements of **$4,910.8 million for the ERRA**, **$7.5 million for the CTC**, and **$230.9 million for the CAM**, and also requests amortization of account balances in the ERRA, MTCBA, and NSGBA. PG&E filed an update to A.14-05-024 in early November 2014 providing updated forecasted 2015 sales, 2015 electric procurement revenue requirements, and end-of-2014 ERRA, MTCBA, and NSGBA balances.
- A.14-05-025, PG&E's 2015 Greenhouse Gas (GHG) Allowance Revenue Return application, in which PG&E requests approval to return (**$443.2) million in cap-and-trade allowance revenue** to eligible bundled, Direct Access, and Community Choice Aggregation customers through distribution rates over the course of 2015, pursuant to D.12-12-033. The $443.2 million consists of a forecasted 2015 allowance revenue return of $298.6 million and amortization of a forecasted (as of May 30, 2014) $144.5 million year-end overcollection in the GHG Revenue Balancing Account. PG&E filed an updated revenue requirement forecast in early November 2014.
- **DWR's proposed 2015 power and bond charge revenue requirement determinations of ($99.2) million and $414.8 million**, respectively, based on the bond charge rate filed by DWR on June 26, 2014 and updated August 21, 2014, and the sales forecast presented in A.14-05-024. The power charge revenue requirement is recorded in the PCCBA. PG&E will update the DWR bond charge revenue requirement in the December 2014

17. FF&U allowance for Procurement EE/PEERAM calculated inclusive of $16.3 million reallocated A&G expenses for Procurement EE/PEERAM approved by D.14-08-032, as discussed above.

supplement to reflect DWR's October 2014 update to its 2015 electric forward price forecast, as well as PG&E's November 2014 update to its 2015 ERRA forecast. PG&E's power and bond charge revenue requirements will be finalized when the CPUC issues a final DWR allocation decision.

- **DWR Franchise Fees of $2.8 million**, calculated from total forecasted DWR revenues (DWR bond and power charge revenue requirements and the amortized forecasted PCCBA balance) multiplied by the GRC Franchise Fee factor. PG&E will update its DWR Franchise Fee revenue requirement in the December 2014 supplement based on the updates to DWR's revenue requirement determination and PG&E's ERRA forecast, as described above.

PG&E is authorized to hold ERRA, CTC, PCIA, and CAM revenue requirements, as well as associated balancing account amortizations in the ERRA, MTCBA, and NSGBA, at the amounts in currently-effective rates in the event that the Commission does not adopt a decision in A.14-05-024 by December 18, 2014.

In the event that the Commission fails to adopt a decision in A.14-05-024 by December 18, 2014, PG&E is authorized to hold constant the revenue requirements for ERRA, CTC, PCIA, and CAM, as well as associated balancing account amortizations in the ERRA, MTCBA, and NSGA, that are being recovered in currently-effective rates. This will not only assure that PG&E is fairly compensated for meeting its obligation to provide electric service for its customers, but it will also prevent the rate shock from temporarily removing over $5 billion in revenues from rates.

PG&E is authorized to incorporate revenue requirement changes in January 1, 2015 rates from the pending advice letter listed below if it is made effective by the December 18, 2014 CPUC meeting.

PG&E may consolidate revenue requirement changes associated with the following advice letter in January 1, 2015 rates should it be approved by December 18, 2014:

- AL 3492-G/4451-E, filed June 30, 2014, and supplemental AL 3492-G-A/4451-E-A, filed August 20, 2014, in which PG&E requests approval of its 2012 and first part of 2013 EE incentive award of $30.6 million (based on a total earnings request of $37.3 million and the

82% electric/18% gas net benefits spread presented in AL 4217-E-A) to be recorded in the Customer Energy Efficiency Incentive Account (CEEIA), per D.12-12-032, which would also entail an FF&U allowance of $0.361 million.

PG&E is authorized to amortize in January 1, 2015 rates the forecasted December 31, 2014 balances in the following balancing accounts approved for recovery by OP 12 of Resolution E-4620, last year's AET resolution.

This Resolution allows PG&E to amortize the following accounts through this year's AET advice letter, as previously approved for recovery by OP 12 of Resolution E-4620, which addressed PG&E's 2014 AET AL 4278-E filed in 2013: the DRAM, PPPRAM, EPIC Revenue Adjustment Mechanism (EPICRAM), NDAM, UGBA, PEERAM, PCCBA, Hazardous Substance Mechanism (HSM), CAREA, ERBBA, FERABA, CEEIA, the Non-Tariffed Balancing Account (NTBA), and the Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA).

PG&E is authorized to amortize in January 1, 2015 rates the forecasted December 31, 2014 balances in the following balancing accounts not included in Resolution E-4620.

PG&E is also authorized to amortize balances in the following balancing accounts, whose tariffs provide for the disposition of their balances in the AET, which were not included in, or established by various decisions subsequent to, Resolution E-4620:

- Demand Response Expense Balancing Account – Electric (DREBA) (Electric Preliminary Statement Part EC), established by D.06-03-024 and D.09-08-027, which tracks the authorized DR program budget compared to actual costs incurred to implement and administer PG&E's authorized DR programs.
- California Energy Systems for the 21st Century (CES21) Balancing Account – Electric (CES21BA-E) (Electric Preliminary Statement Part GC), established by D.12-12-031 and D.14-03-029, which records and tracks the difference between authorized and actual costs allocated to PG&E for the CES21 program.

- Mobile Home Park Balancing Account – Electric (MHPBA-E) (Electric Preliminary Statement Part GH), established by D.14-03-021, which records and recovers the actual costs incurred in the course of implementing the voluntary program to convert electric master-meter/sub-meter service at mobile home parks and manufactured housing communities to direct service by PG&E.
- Major Emergency Balancing Account (MEBA) (Electric Preliminary Statement Part GJ), established by D.14-08-032, which allows PG&E to recover costs for responding to major emergencies and catastrophic events, where those costs cannot be recovered through the Catastrophic Event Memorandum Account.
- SmartMeter™ Opt-Out Program Balancing Account – Electric (SOPBA-E) (Electric Preliminary Statement Part GK), established by D.14-08-032, which records the difference between actual and authorized costs related to PG&E's SmartMeter™ Opt-Out Program.

PG&E is authorized to amortize the year-end 2014 balance in the Revised Customer Energy Statement Balancing Account–Electric (RCESBA-E) in rates effective January 1, 2015 subject to the limitation on cost recovery set forth in its tariff.

The RCESBA-E, established by D.12-03-015, records actual electric revenue requirements associated with PG&E's costs for implementing its revised customer energy statement. PG&E's combined electric and gas cost for implementing the energy statement is capped at $19.012 million over the period from 2012 through 2016, with 55%, or $10.461 million, of the $19.012 million cap allocated to electric customers. According to the RCESBA-E tariff, Electric Preliminary Statement Part FX, the annual disposition of the balance in the account shall be through the AET. PG&E estimates in AL 4484-E that the RCESBA-E balance to be transferred to the DRAM for recovery in rates effective January 1, 2015 will be approximately $1.8 million.

PG&E is authorized to transfer the year-end 2014 balance in the Smart Grid Memorandum Account (SGMA) to the DRAM for recovery in rates effective January 1, 2015, subject to the limits set forth in PG&E's tariff.

The SGMA records PG&E's costs for Smart Grid projects as authorized by the Commission in D.09-09-029. In accordance with the SGMA tariff, Preliminary

Statement FD, disposition of the balance recorded for projects approved by the CPUC and the DOE is transferred to the DRAM at the end of each year for recovery through the AET process. Accordingly, the forecasted year-end 2014 SGMA balance presented in the December 2014 supplement to AL 4484-E shall be transferred to the DRAM for recovery in rates effective January 1, 2015, subject to the limitation on cost recovery through the AET that is set forth in PG&E's tariff.[18] PG&E estimates in AL 4484-E that the SGMA balance to be transferred to the DRAM for recovery in rates effective January 1, 2015 to be approximately $7.3 million.

PG&E is authorized to recover the balance in the Smart Grid Customer Data Access (CDA) Balancing Account (CDABA) in January 1, 2015 rates.

PG&E is authorized to amortize the balance in the CDABA, a one-way balancing account established in D.13-09-025 to record and recover the actual costs of the CDA project from 2013-2016 up to a $19.4 million spending cap. The CDABA tariff, which was filed in AL 4297-E and approved effective October 9, 2013 pursuant to D.13-09-025, establishes that the disposition of the CDABA balance shall be determined in the AET via the DRAM. PG&E estimates in AL 4484-E that the CDABA balance to be transferred to the DRAM for recovery in rates effective January 1, 2015 to be approximately $0.264 million. PG&E will update the CDABA balance in the December 2014 supplement to AL 4484-E to reflect actual CDA expenditures for amortization in January 1, 2015 rates.

The balances in all accounts authorized for recovery in rates are subject to audit, verification, and adjustment as necessary.

The balances in the accounts authorized for recovery by this Resolution are subject to future audit, verification, and adjustment. Per the recommendation of

[18] Preliminary Statement Part FD, Smart Grid Memorandum Account, Part 3: Once a project is approved by the CPUC and by the DOE, the balance in the subaccount for that project is transferred to the DRAM Account at the end of each year for recovery through the Annual Electric True-up Advice letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission.

the California State Auditor, Energy Division is performing in-depth reviews of a risk-based sample of PG&E balancing accounts that are amortized via the AET.

PG&E shall revise its estimate of revenue requirements and rates filed in AL 4484-E to reflect actual changes authorized by the CPUC and FERC by December 18, 2014.

PG&E shall supplement AL 4484-E by December 31, 2014 to reflect the actual rate and revenue changes authorized by the CPUC by December 18, 2014 in the proceedings and advice letters as specified in this Resolution, along with the actual changes authorized by the FERC by December 18, 2014. The December 2014 supplement to AL 4484-E shall also incorporate updated end-of-2014 account balance forecasts, based on recorded account data through October 31, 2014, to be amortized in rates on January 1, 2015. The rates PG&E files in its supplemental advice letter will be reviewed for compliance after January 1, 2015. If any rates filed in the December 2014 supplement are not in compliance with this order, PG&E shall modify the rates as required and re-bill customers if necessary, or make other appropriate adjustments in a timely manner. This process is consistent with the procedure established in prior resolutions addressing PG&E AET advice letters.[19]

PG&E shall transfer the balance in the AAASMA balance to the DRAM for collection in January 1, 2015 agricultural distribution rates.

Per AL 4380-E, PG&E is directed to reflect the transfer of the AAASMA balance, plus interest, to the DRAM for collection in January 1, 2015 agricultural distribution rates in the December supplement to the AET.

PG&E's request to submit a supplement to AL 4484-E in late December 2014 with recorded account balance data through October 31, 2014 and an updated forecast of December 31, 2014 balances for recovery is granted.

---

[19]The following resolutions on prior PG&E AET advice letters authorized this same process; the effective date of the new rates addressed by the resolution is in parentheses: Resolution E-3906 (Jan. 1, 2005); Res. E-3956 (Jan. 1, 2006); Res. E-4032 (Jan. 1, 2007); Res. E-4121 (Jan. 1, 2008); Res. E-4217 (Jan. 1, 2009); Res. E-4289 (Jan. 1, 2010); Res. E-4379 (Jan. 1, 2011), Res. E-4432 (Jan. 1, 2012), Res. E-4548 (Jan. 1, 2013), and Res. E-4620 (Jan. 1, 2014).

In previous years' AET resolutions (E-4121, E-4217, E-4289, E-4379, E-4432, E-4548, and E-4620), the CPUC allowed PG&E to submit a supplement to the AET advice letter reflecting recorded account balance data from January through October, and forecasted balances for November and December, of a given year. We allow PG&E to use recorded data from January 1 through October 31, 2014, and forecasted data for November and December 2014 to update account balances in its December supplement to AL 4484-E for amortization in January 1, 2015 rates.

PG&E's proposal to design rates based on decisions in Phase 2 of its 2011 GRC, Phase 2 of the residential rates rulemaking (R.12-06-013), and the sales forecast proposed in its 2015 ERRA forecast proceeding, is granted, as the rate design adopted in the 2011 GRC will continue until the CPUC adopts a new rate design in PG&E's 2014 Phase 2 GRC. PG&E is also authorized to set January 1, 2015 rates based on the 2015 sales forecast in A.14-05-024 regardless of whether a CPUC decision is adopted in that proceeding by December 18, 2014.

The illustrative rates submitted by PG&E in AL 4484-E were designed using the revenue allocation and rate design methods approved in D.14-06-029, addressing residential rate design in the CPUC's rulemaking on residential rates, R.12-06-013, and D.11-12-053, addressing revenue allocation and non-residential rate design in PG&E's 2011 Phase 2 GRC, A.10-03-014. The final rates that PG&E submits in its December 2014 supplement to AL 4484-E shall be based on these decisions since they present the most recent methodology adopted by the CPUC for allocating revenues and designing rates.

PG&E proposes to use the 2015 sales forecast served in A.14-05-024, its 2015 ERRA forecast proceeding, to set rates effective January 1, 2015. PG&E requests that it be allowed to implement January 1, 2015 rates based on its 2015 ERRA sales forecast, even if the final decision in A.14-05-024 adopts a different sales forecast than the one proposed by PG&E. PG&E states that if the sales forecast adopted in the CPUC's final decision in A.14-05-024 differs from the sales forecast in November 2014 update to A.14-05-024, PG&E will confer with the CPUC on any appropriate rate adjustments going forward.

We grant PG&E's request to use the sales forecast provided in its November 2014 update to A.14-05-024 for designing rates effective January 1, 2015. If the sales forecast adopted by the CPUC differs from that in the November 2014 update, PG&E shall file a Tier 1 advice letter 60 days after the issuance of the final decision in that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.14-05-024.

Furthermore, PG&E is authorized to set January 1, 2015 rates based on the November 2014 update to its 2015 sales forecast presented in A.14-05-024, regardless of whether the CPUC adopts a final decision in that proceeding by December 18, 2014.

PG&E is granted the flexibility to implement rate design changes associated with the Peak Time Rebate Program in rates effective January 1, 2015, or during a later rate change depending on the implementation time required.

PG&E notes that the rate design changes stemming from the pending Peak Time Rebate Program (A.10-02-028) proceeding are not reflected in the illustrative rates presented in AL 4484-E, due to the uncertainty surrounding the implementation timeframes entailed by this application once a final decision is adopted. As such, we grant PG&E the flexibility to implement these rate design changes in rates effective January 1, 2015, or in a future rate change, depending on whether the CPUC adopts a final decision in A.10-02-028 by the end of 2014 and the time it takes PG&E to implement the rate design changes this proceeding entails. Should the CPUC adopt a final decision in this proceeding by the December 18, 2014 CPUC meeting, PG&E shall explain its decision to implement or not implement the rate design changes stemming from such a decision in January 1, 2015 rates in its December 2014 supplement to AL 4484-E. This flexibility is granted on the condition that the final decision in A.10-02-028 does not require PG&E to make the rate design changes effective on a certain date.

PG&E's request to smooth customer rates through a 24-month amortization of forecasted December 31, 2014 balances in the DRAM and UGBA is granted.

In order to smooth customer rates, PG&E requests discretion to amortize forecasted year-end 2014 balances in the DRAM and UGBA over a period of up to 24 months, effective January 1, 2015, as the uncollected portion of TY 2014 GRC distribution and generation revenue requirements authorized by D.14-08-032 will be booked to the DRAM and UGBA, respectively. We grant PG&E's request. PG&E states that it may update its amortization in the December 2014 supplement to AL 4484-E depending on the total undercollection at that time. PG&E is directed to include one-half of forecasted December 31, 2014 balances in the DRAM and UGBA based on recorded October 31, 2014 data in the December supplement to AL 4484-E, consisting of one-half of the forecasted portion of TY 2014 GRC distribution and generation revenue requirements not collected in rates from October 1, 2014 through December 31, 2014, plus one-half of the otherwise-prevailing forecasted balances in the DRAM and UGBA. The remaining halves shall be withheld for amortization effective January 1, 2016.

The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

Under the filed rate doctrine, the CPUC is obligated to allow PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission rate changes, adjusted for end-use customer refunds required to be paid to customers. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 4484-E that are authorized by December 18, 2014. The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

COMMENTS

Per statutory requirement, a Draft Resolution was mailed to parties for comment.

Public Utilities Code section 311(g)(1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Accordingly, the Draft Resolution was served on PG&E and issued for public review and comment no later than 30 days prior to a vote of the CPUC.

PG&E submitted comments to the Draft Resolution on December 8, 2014. PG&E suggested that the Draft Resolution be modified to reflect the following minor changes: (1) include a provision to hold procurement-related revenue requirements (i.e., ERRA, CTC, PCIA, and CAM) and associated balancing account amortizations at current levels in the event that the Commission does not adopt a decision in A.14-05-024 by December 18, 2014; (2) order PG&E to file a Tier 1 advice letter containing appropriate rate adjustments 60 days after a decision is adopted in A.14-05-024, instead of by March 1, 2015, if the Commission adopts a different sales forecast than that filed in A.14-05-024; (3) clarify the amount of DOE litigation proceeds that were received in Q3 of 2014 to be credited to generation and nuclear decommissioning revenues; (4) order PG&E to transfer the balance of the AAASMA to the DRAM for recovery in January 1, 2015 agricultural distribution component rates, per AL 4380-E; (5) order PG&E to reflect the updated 2015 FF&U factor of 0.011862, as well as updated 2015 base distribution and generation revenue requirements, including adopted 2015 attrition amount updated with the 2015 FF&U expense factor, as filed in AL 4540-E, in the December AET supplement; and (6), clarify the name of the Major Emergency Balancing Account. We agree with PG&E's comments and have incorporated the appropriate changes throughout the Resolution, while clarifying that PG&E may only reflect the updated FF&U factor and base distribution and generation revenue requirements in the December AET supplement if AL 4540-E is approved by the Commission by December 31, 2014.

FINDINGS AND CONCLUSIONS

1. The AET is a process in which PG&E's revenue requirements authorized by the CPUC in various proceedings are consolidated in rates on January 1 of a given year. The AET is also a forum for PG&E to recover costs recorded in memorandum and balancing accounts that have been reviewed and approved for recovery by the CPUC in a separate proceeding or advice letter, or are pending separate review that will be completed prior to end of the year.
2. PG&E filed AL 4484-E on August 29, 2014, proposing to establish 2015 electric rates to recover balances in accounts, establish the 2015 ERBBA revenue requirement, and consolidate CPUC- and FERC-authorized rate changes, effective January 1, 2015.
3. It is reasonable for PG&E to establish the 2015 ERBBA revenue requirement using a forecast of 2015 ERBBA activity, including the amortization of the forecasted December 31, 2014 ERBBA balance, consistent with what was authorized in Resolution E-4620 addressing AL 4278-E, PG&E's 2014 AET. PG&E requests a 2015 ERBBA revenue requirement of $7.2 million.
4. PG&E should supplement AL 4484-E by December 31, 2014 to reflect the revenue requirement changes authorized by the CPUC and FERC by December 18, 2014, and to update balances in accounts specified in this

Resolution to be amortized beginning January 1, 2015. The updated balances, revenues, and rates should be subject to future audit, verification, and adjustment pending review of the December supplement to AL 4484-E.

5. PG&E should reflect the following revenue requirements that have been previously authorized for recovery by CPUC decisions in January 1, 2015 rates in its December 2014 supplement to AL 4484-E:
   - $12.8 million for CARE program administrative costs, per D.14-08-030 and D.14-08-032.
   - $95.1 million for the CSI, per D.11-12-019.
   - $53.4 million for DR, per D.14-05-025 and D.14-08-032
   - ($69.1) million in DOE Litigation Proceeds to be credited to generation revenues, per D.14-08-032 and AL 4506-E.
   - ($76.1) million in DOE Litigation Proceeds to be credited to nuclear decommissioning revenues, per D.14-08-032 and AL 4506-E.
   - $3,976.6 million in base GRC-related distribution revenue requirements, per D.14-08-032.
   - $96.2 million for the ESA program, per D.14-08-030 and D.14-08-032.
   - $1.1 million for the acquisition of Hercules Municipal Utility assets, per D.14-01-009.
   - $146.9 million for PG&E's Pension Contribution, per D.09-09-020, with an allocation of $93.9 million to distribution revenues and $53.0 million to generation revenues.
   - $16.3 million in reallocated A&G expenses for Procurement EE/PEERAM, per D.14-08-032.
   - $0.116 million in reallocated A&G expenses for SGIP, per D.14-08-032.
   - ($41.3) million for the PV Program credit, per D.14-08-032 and AL 4506-E.
   - $110.05 million for the PV Program, per D.10-04-052 and AL 4459-E.
   - ($6.6) million for the SGPDP, per D.13-03-032, with an allocation of ($3.5) million to distribution revenues and ($3.1) million to generation revenues.

- $8.0 million for SW ME&O/DR, per D.13-12-038 and D.14-08-032.
- ($0.825) million for SW ME&O/PEERAM, per D.13-12-032 and D.14-08-032.
- $1,964.6 million in base GRC-related generation revenue requirements, per D.14-08-032.

6. PG&E's December 2014 supplement to AL 4484-E should reflect all CPUC- and FERC-authorized revenue requirement changes and amortization of account balances to the extent approved by December 18, 2014, in the following, pending formal proceedings:
   - R.12-11-005, addressing a September 23, 2014 CPUC ruling that was issued to enact the provisions of S.B. 861 that extend the SGIP at current annual funding levels of $29.5 million through 2019.
   - A.12-12-012, PG&E's NDCTP Phase 2 application, in which PG&E requests a $210.1 million annual nuclear decommissioning revenue requirement.
   - R.13-11-005, PG&E's 2015 EE Portfolio application, in which PG&E requests budgets of: (1) $120.9 million for EE – PGC; (2) $219.6 million for Procurement EE/PEERAM; and (3) $3.3 million for DR – IDSM.
   - A.14-05-003, PG&E's 2015-2017 EPIC application, in which PG&E requests an $88.3 million annual EPIC budget.
   - A.14-05-024, PG&E's 2015 ERRA Forecast and Generation Non-Bypassable Charges application, which includes revenue requirement requests of $4,910.8 million, $7.5 million, and $230.9 million for the ERRA, CTC, and CAM, respectively, as well as a request to amortize account balances in the ERRA, MTCBA, and NSGBA.
   - A.14-05-025, PG&E's 2015 GHG Allowance Revenue Return application, in which PG&E requests approval to return $443.2 million in cap-and-trade allowance revenue to eligible customers.
   - DWR's proposed 2015 power and bond charge revenue requirement determinations of ($99.2) million and $414.8 million, respectively.
   - DWR's $2.8 million proposal for 2015 Franchise Fees.
7. PG&E should be authorized to hold ERRA, CTC, PCIA, and CAM revenue requirements, as well as associated balancing account amortizations in the ERRA, MTCBA, and NSGBA, at the amounts in currently-effective rates in the event that the Commission does not adopt a decision in A.14-05-024 by December 18, 2014.

8. PG&E should consolidate revenue requirement changes associated with the following advice letter in January 1, 2015 rates should it be approved by the December 18, 2014 CPUC meeting:
   - AL 3492-G/4451-E, in which PG&E requests approval of its 2012 and first part of 2013 EE incentive award of $37.3 million, allocated 82% to electric and 18% to gas, to be recorded in the CEEIA.
9. PG&E should reflect the updated FF&U factor of 0.011862, as well as updated 2015 base distribution and generation revenue requirements, including the adopted 2015 attrition amount updated with the 2015 FF&U expense factor, in revenues filed in the December AET supplement, contingent on the approval of AL 4540-E by December 31, 2014.
10. PG&E should recover forecasted year-end balances in the following accounts authorized by Resolution E-4620 in rates effective January 1, 2015: the DRAM, PPPRAM, EPICRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, NTBA, and the LCPERMA.
11. PG&E should recover forecasted year-end balances in the following balancing accounts that were not included in, or established by various decisions subsequent to, Resolution E-4620: the DREBA, CES21BA-E, MHPBA-E, MEBA, and the SOPBA-E.
12. PG&E should recover the year-end 2014 balance recorded in the RCESBA-E in rates effective January 1, 2015 in accordance with the RCESBA-E tariff, which states that the annual disposition of the RCESBA-E shall be through the AET and sets a cumulative 2012-2016 cap of $10.5 million that can be recovered from PG&E electric customers.
13. PG&E should recover the year-end 2014 balance recorded in the SGMA in rates effective January 1, 2015 in accordance with the SGMA tariff, which states that the annual disposition of the SGMA shall be through the AET and limits the amount that can be recovered for smart grid projects through the AET to the revenue requirements authorized by D.09-09-029.
14. PG&E should recover the year-end 2013 balance recorded in the CDABA in rates effective January 1, 2014 in accordance with the CDABA tariff, which states that the annual disposition of the CDABA shall be through the AET and sets a cumulative 2013-2016 cap of $19.4 million that can be recovered from PG&E customers for the CDA project.

15. PG&E should transfer the balance in the AAASMA, plus interest, to the DRAM and reflect the associated adjustment to January 1, 2015 agricultural distribution rates in the December supplement to the AET.
16. PG&E's request to submit the December 2014 supplemental advice letter with forecasted December 31, 2014 account balances, including recorded data through October 31, 2014, is reasonable.
17. PG&E should be allowed to amortize all accounts authorized in the ordering paragraphs of this Resolution in January 1, 2015 rates, subject to future audit, verification, and adjustment.
18. The rates that PG&E files in its December 2014 supplement to AL 4484-E should be designed based on the revenue allocation and rate design methods approved in D.11-12-053 and D.14-06-029.
19. PG&E should design January 1, 2015 rates in its December 2014 supplement to AL 4484-E using the November 2014 update to the 2015 sales forecast that PG&E proposes in A.14-05-024.
20. If the CPUC adopts a different 2015 sales forecast than what PG&E proposes in A.14-05-024 and uses to design rates in its December 2014 supplement to AL 4484-E, PG&E should file a Tier 1 advice letter 60 days after the issuance of the final decision in that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.14-05-024.
21. PG&E should be granted the flexibility to implement rate design changes associated with the Peak Time Rebate Program in rates effective January 1, 2015, or during a later rate change depending on the implementation time required, on the condition that the final decision in this proceeding does not require PG&E to implement these changes on a certain date.
22. PG&E should be authorized to amortize forecasted year-end balances in the DRAM and UGBA over a 24-month period, as these balances include the forecasted portion of TY 2014 increases in distribution and generation revenues authorized by D.14-08-032 not collected between October 1, 2014 and December 31, 2014.
23. In accordance with the filed rate doctrine, the CPUC allows PG&E to recover FERC-authorized costs for reliability services, transmission access,

transmission revenue adjustments, and base transmission rate changes, adjusted for end-use customer refunds required to be paid to customers.

24. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 4484-E that are authorized by December 18, 2014.
25. The rates authorized by this Resolution should be subject to refund to the same extent that they are subject to refund at the FERC.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in Advice Letter 4484-E is approved with modifications and only to the extent described in the ordering paragraphs below.
2. PG&E's request to establish the 2015 ERBBA revenue requirement using a forecast of 2015 ERBBA activity, including the amortization of the forecasted December 31, 2014 ERBBA balance, is approved.
3. PG&E shall file a supplement to AL 4484-E with revised tariffs no later than December 31, 2014. The supplemental filing shall be effective on January 1, 2015, but remain subject to Energy Division determination that PG&E is in compliance with this Resolution. The updated revenues and rates contained in the December 2014 supplemental filing shall be subject to audit, verification and adjustment. PG&E shall provide workpapers supporting the rates filed in this supplemental advice letter and the revenue allocation underlying those rates to the Energy Division and any party requesting them. The December 2014 supplement shall do the following:
   a. Amortize forecasted December 31, 2014 balances, updated with recorded account balance data as of October 31, 2014 in the December supplement, in the following accounts: the DRAM, PPPRAM, EPICRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, NTBA, LCPERMA, DREBA, CES21BA-E, MHPBA-E, MEBA, and the SOPBA-E. The balance in the RCESBA-E is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's RCESBA-E tariff (55%of $19.012 million, or $10.461 million, to be recovered from electric customers from 2012 through 2016). The balance in the SGMA is authorized to be transferred to the DRAM for recovery in rates subject to the limitations on cost recovery set forth in PG&E's SGMA tariff. The balance in the CDABA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation

on cost recovery set forth in PG&E's CDABA tariff ($19.4 million over the 2013-2016 time period).

b. Reflect the 2015 ERBBA revenue requirement in rates.

c. Reflect the transfer the balance in the AAASMA, plus interest, to the DRAM, as well as the associated adjustment to January 1, 2015 agricultural distribution rates.

d. Reflect all previously-approved CPUC- and FERC-jurisdictional revenue requirement changes in the proceedings specified in Findings and Conclusions No. 5 in rates.

e. Reflect all CPUC- and FERC-authorized revenue requirement changes and account balance amortizations approved by December 18, 2014 in the proceedings and advice letter filings specified in Findings and Conclusions Nos. 6 and 8 in rates. To the extent CPUC approval is not granted by December 18, 2014, PG&E shall not include items from any of those proceedings or advice letter filings, save for the ERRA, CTC, PCIA, and CAM revenue requirements and associated balancing account amortizations as filed in A.14-05-024, which are to stay at currently-effective amounts in the absence of a decision by December 18, 2014 per Finding and Conclusion no. 7, as well as the 2015 sales forecast contained in A.14-05-024, which will be used in the supplement to set January 1, 2015 rates per Ordering Paragraph No. 5.

f. Reflect the updated FF&U factor of 0.011862 in applicable revenue requirements, as well as updated 2015 base distribution and generation revenue requirements, including adopted 2015 attrition amount updated with the 2015 FF&U expense factor, contingent on the approval of AL 4540-E by December 31, 2014.

4. PG&E shall use the rate design and revenue allocation methods approved in D.11-12-053 and D.14-06-029 to design the rates it files in its December 2014 supplement to AL 4484-E.

5. PG&E shall use the November 2014 update to the sales forecast it proposes in A.14-05-024 to design the rates it files in the December 2014 supplement to AL 4484-E. If the CPUC approves a different sales forecast than that which is used to design rates filed in the December 2014 supplement, PG&E shall file a Tier 1 advice letter 60 days after the issuance of the final decision in that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.14-05-024.

6. PG&E is granted the flexibility to implement rate design changes associated with the Peak Time Rebate Program in rates effective January 1, 2015, or during a later rate change depending on the implementation time required, on the condition that the final decision in this proceeding does not require PG&E to implement these changes on a certain date.
7. PG&E is authorized to amortize forecasted year-end balances in the DRAM and UGBA over a 24-month period.
8. Balances in all accounts authorized for recovery by this Resolution are subject to audit, verification and adjustment.
9. The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.
10. If any rates filed in the December supplement are not in compliance with this order, PG&E shall modify rates as required and make any necessary billing or other adjustments in a timely manner.
11. If PG&E requests amortization of future balances in the accounts authorized for amortization in this resolution by means of the annual electric true-up advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the advice letter is filed and the estimated balances for August through December of that year.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 18, 2014; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

ATTACHMENT A

List of Acronyms in Alphabetical Order:

A.	Application
AAASMA	Agricultural Account Aggregation Study Memorandum Account
A&G	Administrative and General
AET	Annual Electric True-up
AL	Advice Letter
CAM	Cost Allocation Mechanism
CARE	California Alternate Rates for Energy
CAREA	California Alternate Rates for Energy Account
CDA	Customer Data Access
CDABA	Customer Data Access Balancing Account
CEEIA	Customer Energy Efficiency Incentive Account
CES21	California Energy Systems for the 21st Century
CES21BA-E	California Energy Systems for the 21st Century Balancing Account - Electric
CPUC	California Public Utilities Commission
CSI	California Solar Initiative
CTC	Competition Transition Charge
D.	Decision
DOE	Department of Energy
DR	Demand Response
DRAM	Distribution Revenue Adjustment Mechanism
DREBA	Demand Response Expense Balancing Account
DWR	California Department of Water Resources
ECRA	Energy Cost Recovery Amount
EE	Energy Efficiency
EPIC	Electric Program Investment Charge
EPICRAM	Electric Program Investment Charge Revenue Adjustment Mechanism
ERBBA	Energy Recovery Bonds Balancing Account
ERRA	Energy Resource Recovery Account
ESA	Energy Savings Assistance
FERABA	Family Electric Rate Assistance Balancing Account
FERC	Federal Energy Regulatory Commission
FF&U	Franchise Fees and Uncollectibles
GHG	Greenhouse Gas

GRC	General Rate Case
HSM	Hazardous Substance Mechanism
IDSM	Integrated Demand-Side Management
LCPERMA	Land Conservation Plan Environmental Remediation Memorandum Account
MEBA	Major Emergency and Catastrophic Event Balancing Account
MHPBA-E	Mobile Home Park Balancing Account – Electric
MRCBA-E	Meter Reading Costs Balancing Account – Electric
MTCBA	Modified Transition Cost Balancing Account
NDAM	Nuclear Decommissioning Adjustment Mechanism
NDCTP	Nuclear Decommissioning Cost Triennial Proceeding
NSGBA	New System Generation Balancing Account
NTBA	Non-Tariffed Balancing Account
OP	Ordering Paragraph
PCCBA	Power Charge Collection Balancing Account
PEERAM	Procurement Energy Efficiency Revenue Adjustment Mechanism
PG&E	Pacific Gas and Electric Company
PGC	Former Public Goods Charge
PPP	Public Purpose Program
PPPRAM	Public Purpose Programs Revenue Adjustment Mechanism
PV	Solar Photovoltaic
R.	Rulemaking
RCESBA-E	Revised Customer Energy Statement Balancing Account-Electric
RSBA	Reliability Services Balancing Account
S.B.	Senate Bill
SGIP	Self Generation Incentive Program
SGMA	Smart Grid Memorandum Account
SGPDP	Smart Grid Pilot Deployment Project
SOPBA-E	SmartMeter™ Opt-Out Balancing Account – Electric
SW ME&O	Statewide Marketing, Education, and Outreach
TO15	Transmission Owner 15
TRBAA	Transmission Revenue Balancing Account Adjustment
TY	Test Year
UGBA	Utility Generation Balancing Account